

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.52 (-01 bps)	GNMA (30 Yr) 6% Coupon:	113-19/32 (1.68%)
6 Mo. T-Bill:	0.60 (-01 bps)	Duration:	4.17 years
1 Yr. T-Bill:	0.80 (-04 bps)	Bond Buyer 40 Yield:	4.17 (-06 bps)
2 Yr. T-Note:	1.19 (-02 bps)	Crude Oil Futures:	52.37 (-1.62)
3 Yr. T-Note:	1.47 (-01 bps)	Gold Futures:	1196.20 (+22.8)
5 Yr. T-Note:	1.89 (-03 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.39 (-03 bps)	U.S. High Yield:	6.28% (-01 bps)
30 Yr. T-Bond:	2.99 (-02 bps)	BB:	4.85% (unch.)
		B:	6.25% (unch.)

Treasury yields fell last week as solid economic data boosted investor confidence in the economy and further support for higher interest rates. Yields fell below 3% for the first time in two months on Monday after the British Prime Minister stated the U.K. would seek a clean break from the European Union. A 3.8% decline in oil prices also added to the Treasury market strength. Yields fell on Thursday after President-elect Donald Trump's press conference provided little new information about his economic-stimulus proposal. The lack of policy details have increased concerns that stimulus could potentially be smaller than anticipated. U.S. government bonds pulled back on Friday as data on producer prices and retail sales showed U.S. economic growth intact, increasing speculation that the Fed will increase interest rates by its March meeting. The Producer Price Index rose 0.3% in December and finished with the largest calendar year increase since 2012. Prices rose in nearly each category and were led by a 0.7% increase in food prices. Retail sales increased by 0.6% in December, falling slightly short of the 0.7% consensus estimate, on strong demand for motor vehicles. Major economic reports (and related consensus forecasts) for the shortened upcoming holiday week include: Tuesday: January Empire Manufacturing (8.0); Wednesday: January 13th MBA Mortgage Applications, December CPI (0.3% MoM), December Industrial Production (0.6% MoM); Thursday: December Housing Starts (1200k), January 14th Initial Jobless Claims (252k), January Philadelphia Fed Business Outlook (15.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	19,885.73 (-0.39%)	Strong Sectors:	Cons. Discretionary, Materials
S&P 500:	2,274.64 (-0.09%)		Info Tech
S&P Midcap:	1,687.40 (0.34%)	Weak Sectors:	Telecom, Cons. Staples
S&P Smallcap:	839.86 (-0.03%)		Energy
NASDAQ Comp:	5,574.12 (0.96%)	NYSE Advance/Decline:	1,757 / 1,339
Russell 2000:	1,372.05 (0.36%)	NYSE New Highs/New Lows:	295 / 39
		AAII Bulls/Bears:	43.6% / 27.0%

Equity markets fell slightly this week with the S&P 500 returning -0.1% and the Dow Jones Industrials -0.4%. Equity returns appear to be normalizing after the first month of the 'Trump Rally' where the S&P 500 returned 5.2%, but only 1.4% since. The same has been true in the small and mid-cap space, as the S&P 1000 Index returned 14.0% the first month, and -1.4% since. This week biotech stocks felt the full pressure of President-Elect Trump. The Nasdaq Biotechnology Index plunged as much as -3.2% during the President-Elect's first press conference since the election, the fall started after he stated the drug industry needed "more competitive drug bidding." Biotech names did recover to close the week slightly positive. Congress was also busy with both the Senate and House of Representatives passing a budget reconciliation bill which could pave the way for a quick repeal of Obamacare after next Friday's Presidential Inauguration. Turning to individual names, both the EPA and U.S. Justice department have been further investigating **Fiat Chrysler Automobiles** over allegations the auto maker was cheating emission standards. The news sent the stock down over -6.6% for the week. **illumina Inc.** was up nearly 15% this week, after an announcement their new DNA sequencer could enable them to sequence a genome in less than an hour for merely \$100. Mega-cap banks, **Bank of America Corp.**, **JPMorgan Chase & Co.** and **Wells Fargo & Co.** all had positive quarterly earnings news this week, as the sector continues to profit from higher interest rates. Looking ahead to next week, equity markets will be closed on Monday in honor of Martin Luther King Jr. The political landscape in America might soon look very different as President-Elect Trump will have his Inauguration on Friday. We expect a flurry of political activity the next few months which will likely impact equity markets. Some major campaign promises from the President-Elect include the repeal of Obamacare along with a replacement plan, personal and corporate tax reform, swaths of deregulation and significant trade negotiations.